

## Iowa's Gross State Product

The Gross State Product (GSP) is the value added by economic activity. It is equivalent to the gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus inputs (consumption of goods and services purchased from other U.S. industries or imported). It is often considered the State's equivalent of the nation's Gross Domestic Product (GDP).

The GSP estimates, as a whole and by industry, were examined from 1997 to 2007 to identify changes in the Iowa economy. Comparisons were made with the GSP for the nation as a whole and with the plains states (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota). The Gross State Product estimates were obtained from the Bureau of Economic Analysis, U.S. Department of Commerce.

To eliminate growth due to inflation, all dollar amounts are reflected in constant 2000 dollars. Comparisons were made using the converted 1997 GSP as the base. Economic growth is shown as a percentage of the 1997 GSP, to provide a standard comparison across years and regions.

### Current Situation

In 2007, Iowa had a GSP of \$107.6 billion. **Chart 1** shows the distribution of the GSP by major industry category.

Between 1997 and 2007, the percentage contribution to the State's GSP by several industries changed.

The industries with the biggest declines are as follows:

- Manufacture of non-durable goods decreased from 10.6% to 8.5%, and was 9.3% in 1977.
- Construction decreased from 4.4% to

2.5%, and was 5.0% in 1977.

- Government decreased from 11.9% to 10.2%, and was 10.5% in 1977.

The industries with the largest increases are as follows:

- Retail trade increased from 6.4% to 7.3%, and was 9.1% in 1977.
- Finance, insurance and real estate increased from 17.1% to 18.4%, and was 12.1% in 1977.
- Manufacture of durable goods increased from 11.8% to 14.1%, and was 16.1% in 1977.

**Chart 2** shows the 1997 and 2007 GSP categories in terms of constant 2000 dollars. The State's total GSP increased by \$22.4 billion (26.3%). The only significant decrease was in construction with a decrease of \$1.0 billion (27.4%). The following three categories contributed the most to the increase in the State's GSP:

- Services increased \$5.4 billion (29.1%).
- Finance, insurance, and real estate increased 5.2 billion (35.8%).
- Manufacture of durable goods increased \$5.1 billion (51.1%).

**Chart 3** shows the relative inflation adjusted growth in the total GSP for Iowa, the plains states, and the nation. From 1997 through 2007, Iowa and the plains states lagged behind the nation's growth of 33.0% as a whole, and Iowa surpassed the plains states with growth of 24.9% as compared to 24.6% for the plains states.

While the 2007 data is not yet available for computer and electronic product manufacturing, that industry had the largest percentage gain (755.9%) for a total increase to the State's GSP of \$1.7 billion when 2006 is compared to 1997. This compares to

growth in the plains states of 554.1% and the nation of 551.5% for the same time period.

The finance and insurance industry increased 157.5% for a total increase to the State's GSP of \$4.0 billion when 2006 is compared to 1997. This compares to growth in the plains states (140.7%) and the nation (162.4%) for the same time period.

The crop and animal farm production industry increased 120.1% for a total increase to the State's GSP of \$762.0 million when 2006 is compared to 1997. This compares to growth in the plains states (133.1%) and the nation (136.0%) for the same time period.

A table showing the growth in GSP for all of the industry categories, from 1997 through 2006, for Iowa, the plains states, and the nation, is available from the Legislative Services Agency upon request.

Iowa's Gross State Product, overall and by industry category, generally follows the same pattern as the national and the plains states, however, Iowa lags behind the nation and has moved slightly ahead of the plains states in economic growth over the last ten years.

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### More Information

Iowa Department of Economic  
Development

<http://www.iowalifechanging.com>

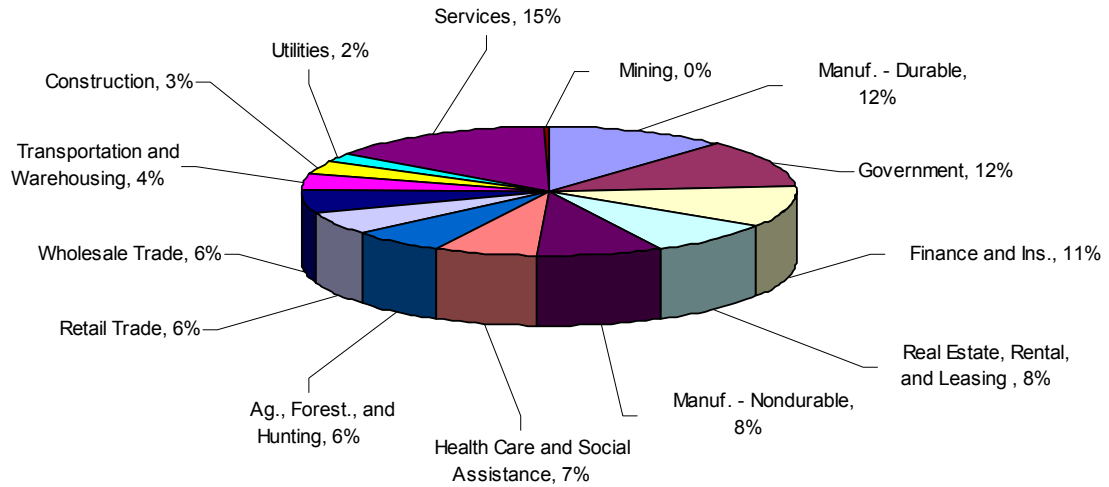
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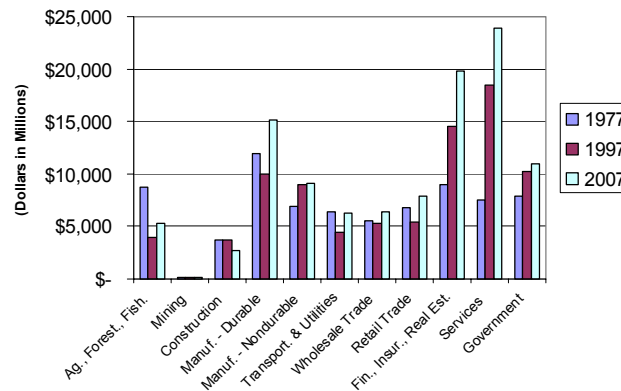
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**Chart 1**  
**Iowa Gross State Product by Industry**  
**2007 - \$129.0 Billion**



**Chart 2 - Gross State Product by Industry Category (in Constant 2000 Dollars)**



**Chart 3 - Inflation Adjusted Growth in GSP**  
**1997 - 2007**

